

FISCAL NOTE

HB 2327 - SB 2312

March 23, 2005

SUMMARY OF BILL:

- Reduces the state's portion of tax imposed on wine and spirits from 9.0% to 4.5%.
- Reduces the state's portion of tax imposed on liquor-by-the-drink from 9.0% to 4.5%.
- Reduces the state's portion of tax imposed on the manufacture, storage, or distribution of beer from 9.0% to 4.5%.
- Reduces the state's portion of the excise tax imposed on banks and mutual-benefit financial institutions from 9.0% to 4.5%.
- Reduces the state's portion of tax imposed on the sale of interstate telecommunications services from 9.0% to 4.5%.
- Reduces the state's portion of the Hall Income Tax from 33.0% to 16.7%.
- Reduces the amount of severance tax revenue allocated to the Department of Revenue from 11.73% to 7.37%.
- Allocates revenue from above state reductions to municipalities.
- Reduces the state's portion of state sales tax revenue from 29.3709% to 29.1977%.
- Increases the municipality portion of state sales tax revenue from 4.2462% to 4.4194%.
- Extends until June 30, 2006, the authority for the commissioner of the Department of Finance and Administration to transfer funds from the Highway Fund to the General Fund for the purposes of funding state government.
- Extends the gross receipts tax on intermediate care facilities for the mentally retarded (ICFMR) from July 15, 2005 to July 17, 2007.
- Extends the nursing home tax from July 15, 2005 to July 17, 2007.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenues - \$20,000,000 Reflected in Governor's 2004-05
Recommended Budget**

Increase Local Govt. Revenues - \$20,000,000

Other Fiscal Impact - The Governor's FY2005-06 recommended budget includes a \$65.8 million recurring transfer from the Highway Fund to the General Fund and a \$10.0 million non-recurring transfer from the General Fund to the Highway Fund. In addition, the Governor's FY2005-06 recommended budget reflects revenue estimates of \$15.1 million in ICFMR gross receipts tax revenue and \$85.1 million in nursing home tax revenue. Failure to extend the tax expiration dates will result in the loss of this revenue and will require a budget reduction of \$100.2 million.

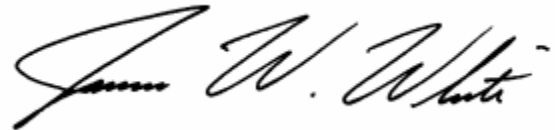
HB 2327 - SB 2312

Assumptions:

- Enactment of this bill restores one-half of the cuts made to state-shared funds in 2003.
- Enactment of this bill would increase the amount of revenue allocated to local governments and reduce the amount of revenues available to the state's General Fund.
- Decrease in state revenues (General Fund) is estimated at \$20.0 million.
- Increase to local government revenues is estimated at \$20.0 million.
- An amount of \$20.0 million has been reflected in the Governor's FY2005-06 recommended budget.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director